

Dependent Care Assistance Program (DCAP)

Child or elder care can be one of the largest expenses for a family. You can use the Dependent Care Assistance Program (DCAP) to help pay for your qualified day care expenses with pre-tax dollars. The provider can be a licensed day care facility or an individual.

WHAT ARE THE RULES?

DCAP is available to employees eligible for benefits through the Public Employees Benefits Board (PEBB) Program who work at state agencies, higher-education institutions, and community and technical colleges. Before enrolling in DCAP, you should make sure the benefit will fit your needs:

- The expense must allow you and your spouse to work, actively look for work, or be a full-time student. You cannot use DCAP if you or your spouse are a stay-at-home parent or are not working for periods of time.
- Your dependent must live with you and must be 12 years old or younger. A dependent age 13 or older may be eligible, if the dependent cannot physically or mentally care for themselves.
- The day care provider cannot be a parent of the child, a dependent on your tax return, or your child under the age of 19.
- DCAP works like a bank account. Reimbursement cannot exceed the account balance and you cannot receive reimbursement until after the service has been provided.
- Elder care expenses for your qualifying relative who is physically or mentally unable to care for themselves are eligible.

CALCULATING YOUR ELECTION

The DCAP limit is set by the IRS and is a calendar year limit of **\$5,000 per household (or \$2,500 if married and you and your spouse are filing separate tax returns)**. If you enroll after the plan year has started, take extra care in calculating your annual election.

Day Care Expenses Estimation Worksheet	
Before/after-school care	\$
Elder day care	\$
Preschool	\$
Day care, including summer day camp fees	\$
Annual total	\$

Some expenses are **not** eligible. These include tuition for school at the kindergarten level or above, overnight camp,

nursing home expenses, meals, activity or supply fees, and transportation costs.

For example, Montessori tuition for kindergarten and elementary school is not allowable. However, charges from a Montessori school for preschool or before-and-after-school care are allowable.

Before you enroll, make sure to review the *DCAP Enrollment Guide* at pebb.naviabenefits.com.

DCAP OR CHILD CARE TAX CREDIT?

Wondering whether DCAP is better for you than the child care tax credit? Visit us at pebb.naviabenefits.com to use our Tax Savings Calculator to determine what option is best for you.

Whether you choose to participate in DCAP or take the child care tax credit, you must file IRS Form 2441 with your taxes.

MAKING CHANGES

Similar to other benefits, you can only change your election amounts if you experience a special open enrollment event (qualifying event). In addition to more common qualifying events, such as marriage or birth, there are some qualifying events exclusive to the DCAP:

- A change in your day care costs, such as a rate decrease or increase, or receiving free day care.
- A change in your need for day care (your spouse loses employment or has a change in work schedule).
- Your dependent is no longer eligible.

See the *DCAP Enrollment Guide* for more information.

WHAT HAPPENS IF MY EMPLOYMENT ENDS?

If your employment ends during the plan year, you can still access the funds in your DCAP account through December 31, 2019 (even if the dates of day care services are after your termination date), **as long as the expenses for care allow you to look for work or work full-time.**